

*DRAFT*

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Seventh Oregon Legislative  
Assembly  
2014 Regular Session  
Legislative Revenue Office

Bill Number: HB 4138 - A10  
Revenue Area: Income Tax  
Economist: Chris Allanach  
Date: 3/3/2014

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:** Modifies the method of corporate apportionment of business income for interstate broadcasters. Defines terms. Changes the basis of apportionment from viewing audience to the gross receipts from Oregon domiciled customers. Applies to tax years 2014 through 2016. Requires the Legislative Revenue Officer to produce a report on the impact and utilization of the policy change.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
General Fund	\$0	\$0.9	\$0.9	\$1.7	\$0

**Impact Explanation:** The estimates are based on aggregate data provided by the Motion Picture Association of America for a single tax year. The growth rate over time depends on a variety of factors in an industry where technology and consumer demand are rapidly changing. The two primary sources of revenue for these types of companies are from advertising (roughly 67%) and licensing (roughly 33%). With this proposed change in the apportionment method, changes over time to advertising revenue will depend, in part, on the location choices of the broadcasters' customers. Changes over time to licensing revenue are likely to be dominated by structural changes to the industry. Given the current level of uncertainty, the estimates reflect a relatively flat projection for the revenue gain.

While this bill does not change the definition of interstate broadcaster, current uncertainty surrounding which businesses fit into the statutory definition could affect the estimated revenue impact. Depending on the nature and operations of which businesses may or may not be included in that definition, the estimated revenue impact could be higher or lower.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No